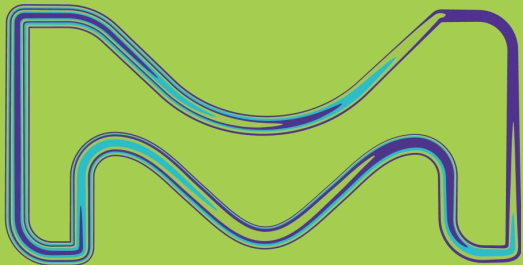


A strong Q3 driven by business recovery and COVID-19 upsides

Merck KGaA, Darmstadt, Germany
Q3 2020 results

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November 12, 2020





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Agenda

01 Executive summary

02 Financial overview

03 Guidance

04 Sustainability



EXECUTIVE SUMMARY

01

Highlights



Operations

Healthcare: Mavenclad® up 72% organically YoY after dip in Q2, Oncology up 7% strongly supported by early U.S. Bavencio® 1L UC ramp-up; sequential recovery of Fertility back to pre COVID-19 levels

Life Science: Process Solutions up 27% organically, strong rebound in Research Solutions with 10% organic growth, Applied Solutions recovery slower with 4% organic growth

Performance Materials: Semiconductor Solutions' organic growth mitigates Display and Surface decline in pandemic; Versum performance & integration ahead of plan

Group: New ESG-targets - enhanced sustainability strategy leverages strengths and manifests company's commitment



Financials

Q3 organic sales: growth of +7.2%

Q3 organic EBITDA pre: growing +52.6%
(+19.8% *excl. release of Biogen provision*)

EBITDA pre guidance upgraded:

Net sales: €17.1 – 17.5 bn

EBITDA pre: €5.05 – 5.25 bn (incl. Biogen €365 m)

EPS pre: €6.50 – 6.80 (incl. Biogen €0.63)

Net financial debt to EBITDA pre at 2.3 on September 30, 2020 – continued focus on deleveraging



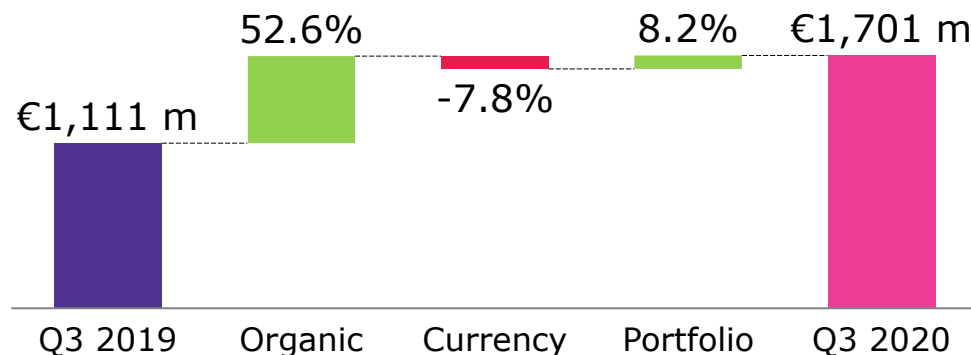
7% organic sales growth driven by swift recovery from COVID-19 in most businesses including “BIG 3” (HC pipeline, Process & Semi Solutions)

Q3 YoY Net Sales

	Organic	Currency	Portfolio	Total
Healthcare	3.2%	-5.1%	-1.2%	-3.1%
Life Science	15.6%	-4.2%	0.0%	11.3%
Performance Materials	-5.4%	-2.8%	51.6%	43.4%
Group	7.2%	-4.4%	6.9%	9.7%

- Healthcare back to organic growth with Mavenclad® rebounding (+72%), Bavencio growing strongly (+53%), General Medicine & Endocrinology slightly positive; Fertility back to pre COVID-19 levels
- Process Solutions underlying strength amplified by COVID-19 business with 27% organic growth; Research catching up post lockdown (+10%); Applied Solutions moderate growth (+4%)
- Semiconductor Solutions continues growth path with 8% organic increase; YoY decline in Q3 less than half of Q2 rate for Display and Surface Solutions, but COVID-19 still weighing on both

Q3 YoY EBITDA pre

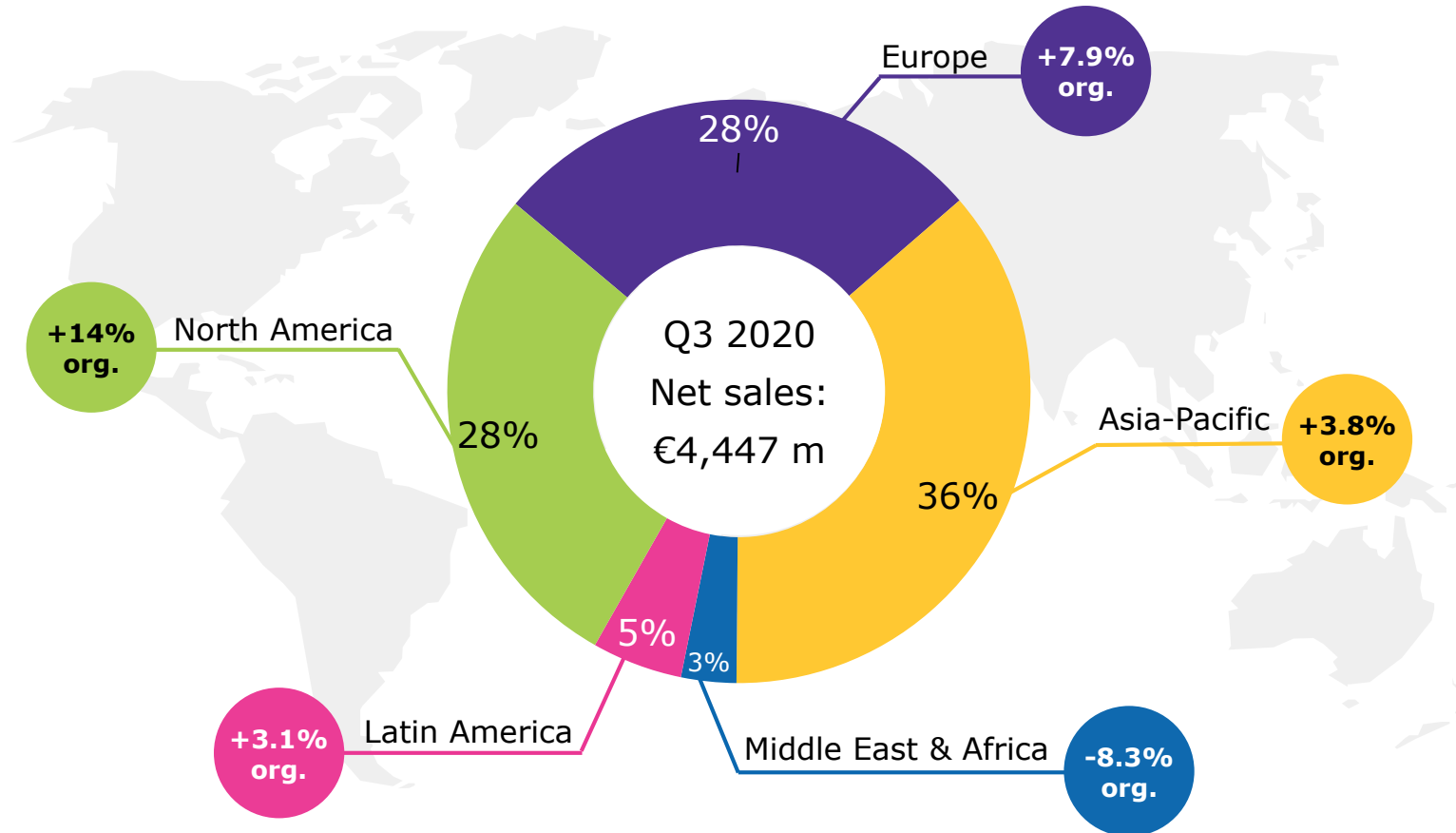


- EBITDA pre grew 20% i.e. approx. 3 times faster than sales even excl. Biogen provision release and despite lower non-recurring income
- Cost discipline in all sectors further supported by reduced face-to-face activities amid pandemic
- Margin accretive Versum portfolio effect
- FX headwinds across most currencies with largest impact from USD, BRL and CNY



Nearly all regions resumed growth despite persisting pandemic impacts

Regional breakdown of net sales [€m]



Regional organic development

- APAC: double-digit growth in Life Science and Semiconductor Solutions overcompensates for declines in Display, Surface Solutions and Fertility
- Europe: Neurology & Immunology as well as Research Solutions rebound
- North America: double-digit growth in Life Science, particularly strong in Process Solutions; strong Mavenclad[®] and Fertility; solid uptake of UC 1L
- LATAM resumed while Middle East & Africa now impacted, particularly by the effects of COVID-19 in Fertility



Financial Overview

02

Q3 2020: Overview

Key figures

[€m]	Q3 2019	Q3 2020	Δ	(Excl. Biogen provision release)	
				Q3 2020	Δ
Net sales	4,054	4,447	9.7%		
EBITDA pre	1,111	1,701	53%	1,336	20%
Margin (in % of net sales)	27.4%	38.2%	10.8pp	30.0%	2.6 pp
EPS pre	1.35	2.34	73.3%	1.71	26.6%
Operating cash flow	931	1,170	25.8%		

[€m]	Dec. 31, 2019	Sept. 30, 2020	Δ
Net financial debt	12,363	12,082	-2.3%
Working capital	3,944	4,364	10.6%
Employees	57,071	58,077	1.8%

Comments

- Double-digit growth in Life Science, Versum portfolio effect and recovery in Healthcare drive sales growth of 10% despite 4% FX drag
- EBITDA pre growing more strongly than sales; margin improving significantly even excluding Biogen provision release
- Operating cash flow up 26% supporting further net debt reduction
- EPS pre at 1.71 EUR (growing 27% excl. upside from Biogen provision release)
- Lower payables and higher inventories increase working capital amid COVID-19



Reported figures

Reported results

[€m]	Q3 2019	Q3 2020	Δ
EBIT	608	1,167	91.9%
Financial result	-135	-102	-24.6%
Profit before tax	473	1,065	125.1%
Income tax	-134	-258	93.3%
<i>Effective tax rate</i>	28.3%	24.3%	-4.0pp
Net income	343	805	135.0%
EPS (€)	0.79	1.85	134.2%

Comments

- EBIT nearly doubling as strong business performance is further elevated by Biogen provision release
- Lower LTIP* provisions and reduced interest expense lead to improved financial result
- Effective tax rate back within guidance range of ~24-26%
- Higher income tax in line with strong quarter incl. Biogen provision release
- Robust EBIT and financial result improvement drive higher net income and EPS



Healthcare: top line acceleration and stringent cost management drive underlying EBITDA pre expansion, further elevated by provision release

Healthcare P&L

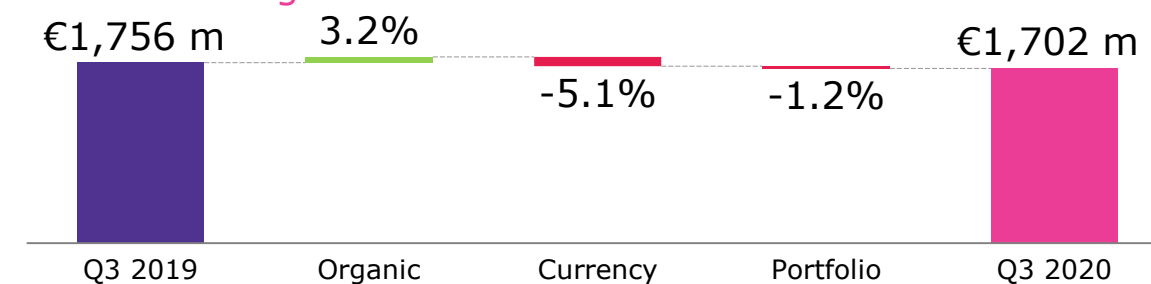
[€m]	IFRS		Pre	
	Q3 2019	Q3 2020	Q3 2019	Q3 2020
Net sales	1,756	1,702	1,756	1,702
M&S*	-561	-382	-558	-379
Admin	-82	-75	-81	-75
R&D	-429	-378	-428	-378
EBIT	325	807	323	812
EBITDA	504	892	-	-
EBITDA pre (in % of net Sales)	501 28.5%	896 52.7%	501 28.5%	896 52.7%

Comments

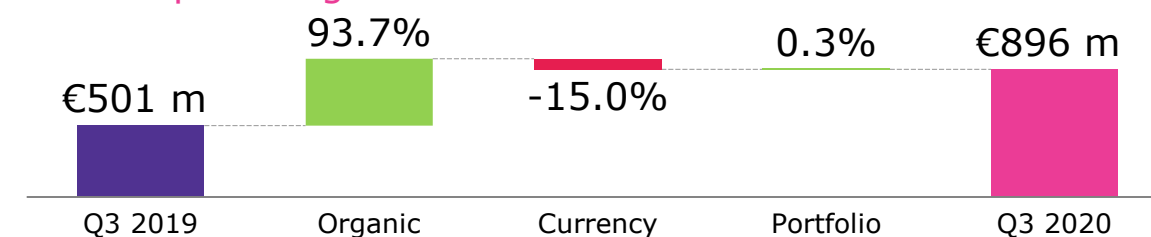
- Mavenclad® growing 72% organically expanding dynamic shares in high efficacy and oral class; Rebif® still better than underlying trajectory with -9% due to reduced switches amid pandemic
- Oncology up 7% with Erbitux® +2% and Bavencio® up 53% as UC 1L ramp-up in U.S. progressing very well, three months into the launch
- Fertility back to pre COVID-19 levels with strong growth in Europe and North America, other regions remain impacted by pandemic (APAC)

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



- General Medicine¹ growing 3% despite China VBP
- Strong cost savings in M&S further supported by reduced face-to-face activities and lower intangibles amortization
- Significant savings in R&D coming from continued prioritization; all projects on track despite COVID-19
- Underlying EBITDA pre margin expansion to 31.2% of sales - further elevated by €365 m Biogen provision release to 52.7%

¹includes CardioMetabolic Care & General Medicine and others
Totals may not add up due to rounding



Life Science: Outstanding performance in Process Solutions and temporary post lockdown catch-up in Research Solutions drive 16% organic growth

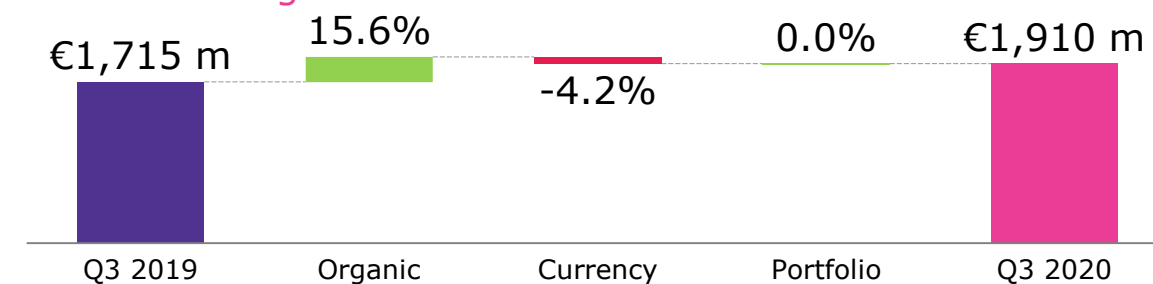
Life Science P&L

[€m]	IFRS		Pre	
	Q3 2019	Q3 2020	Q3 2019	Q3 2020
Net sales	1,715	1,910	1,715	1,910
M&S*	-474	-478	-474	-477
Admin	-83	-88	-77	-80
R&D	-67	-75	-67	-75
EBIT	316	417	336	435
EBITDA	511	612	-	-
EBITDA pre	511	612	531	630
(in % of net Sales)	31.0%	33.0%	31.0%	33.0%

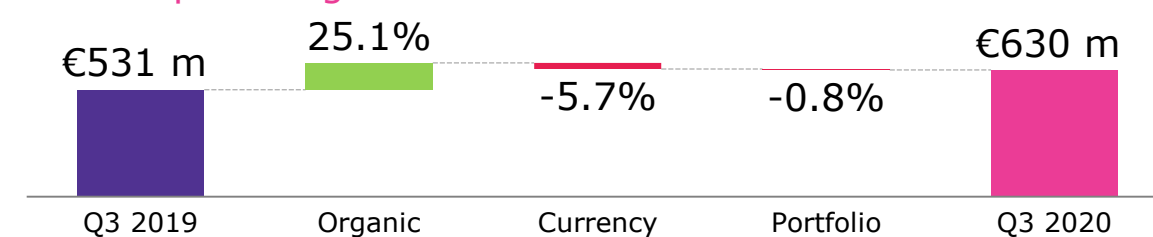
Comments

- Process Solutions growing 27% organically, driven by downstream and single use, further supported by COVID-19-related demand
- Research Solutions 10% organic growth, supported by anticipated catch-up post Q2 lockdowns and additional COVID-19 pull-in effect
- Applied Solutions back to moderate organic growth despite continuing adverse impact from COVID-19
- Slightly higher M&S mainly driven by logistics to ensure supply
- Flat R&D in % of sales with focused investments in strategic projects
- Business performance and operational leverage drive significant EBITDA pre growth and EBITDA pre margin expansion by overall 2pp

Net sales bridge



EBITDA pre bridge

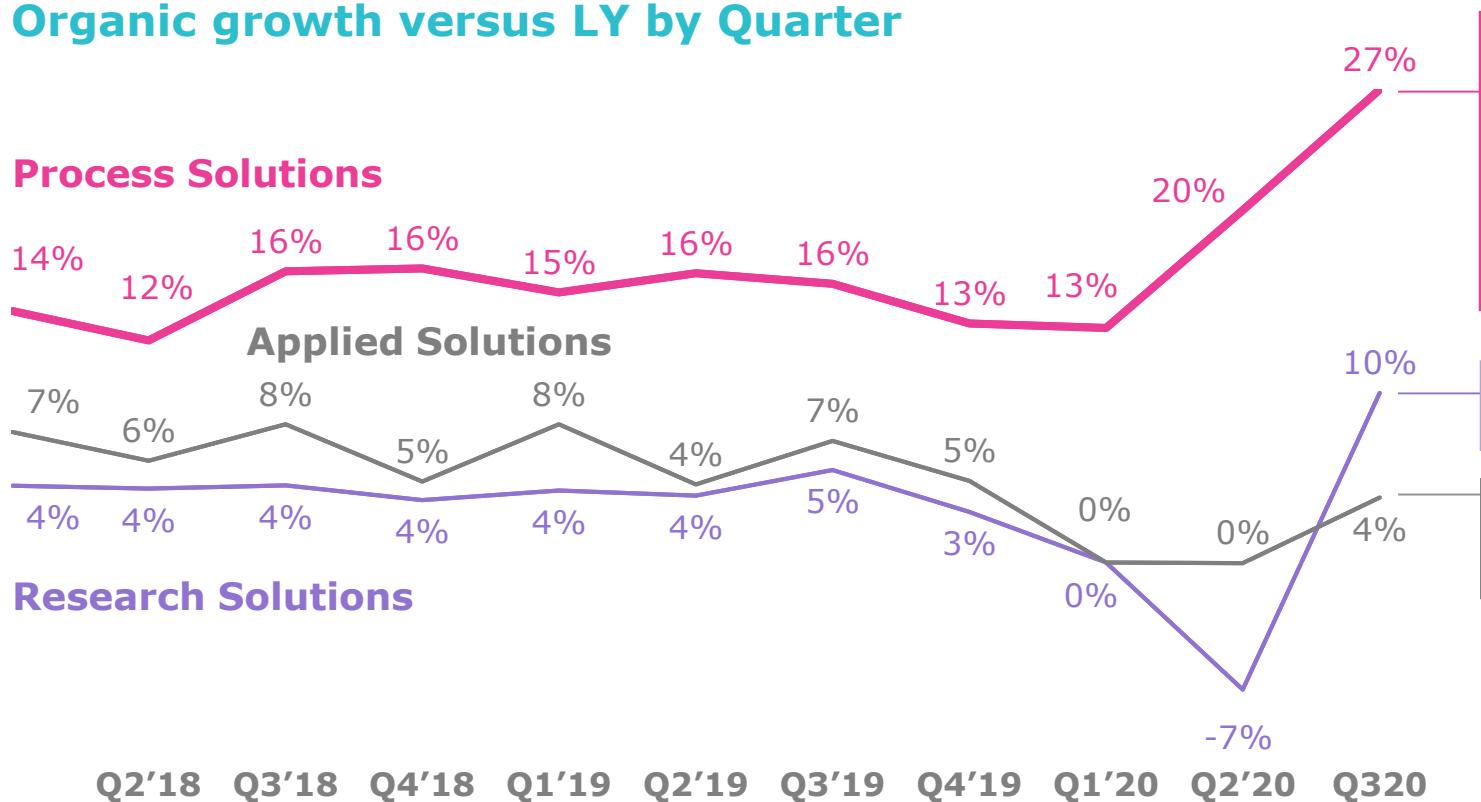


* Marketing and selling expenses



Life Science: Significant upside potential for Process Solutions; Research and Applied started recovering

Organic growth versus LY by Quarter



- **Strong tailwinds** in Process Solutions
- **Order intake** accelerating to **>50%**
- **Sustainable increase** in underlying demand
- **Capacity investments** ongoing
- **Catch-up** effects in Q3
- **Some pull-in** effects from Q4
- Visible **recovery in Q3**
- **Returning** to underlying growth rate



Confirm mid-term outlook: **Life Science downsides to fade**, some **upsides to remain**

Q4 scenario assumes **Research normalization** but no additional impact from imminent lockdowns



Performance Materials: Versum portfolio effect and Semiconductor growth more than offset decline in Display and Surface Solutions

Performance Materials P&L

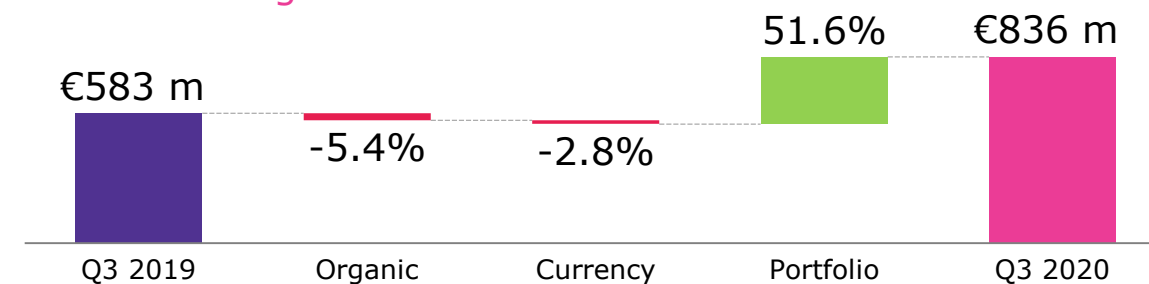
[€m]	IFRS		Pre	
	Q3 2019	Q3 2020	Q3 2019	Q3 2020
Net sales	583	836	583	836
M&S*	-61	-133	-62	-132
Admin	-30	-38	-23	-36
R&D	-48	-65	-59	-65
EBIT	98	75	114	104
EBITDA	169	227	-	-
EBITDA pre	177	254	177	254
(in % of net Sales)	30.5%	30.4%	30.5%	30.4%

Comments

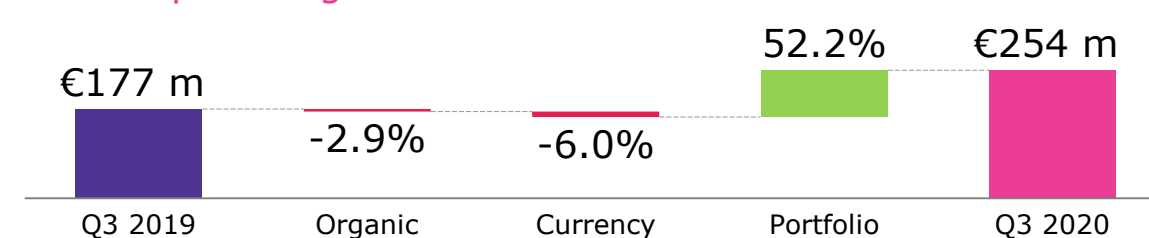
- Portfolio effect elevates sales growth to 43% overcompensating FX headwinds and organic declines in Display and Surface Solutions
- Semiconductor Solutions: organic growth with 8% at the higher end of mid-term guidance
- Display Solutions: Liquid Crystals closer to the underlying trajectory and OLED stabilizing but still significantly impacted by COVID-19

* Marketing and selling expenses

Net sales bridge



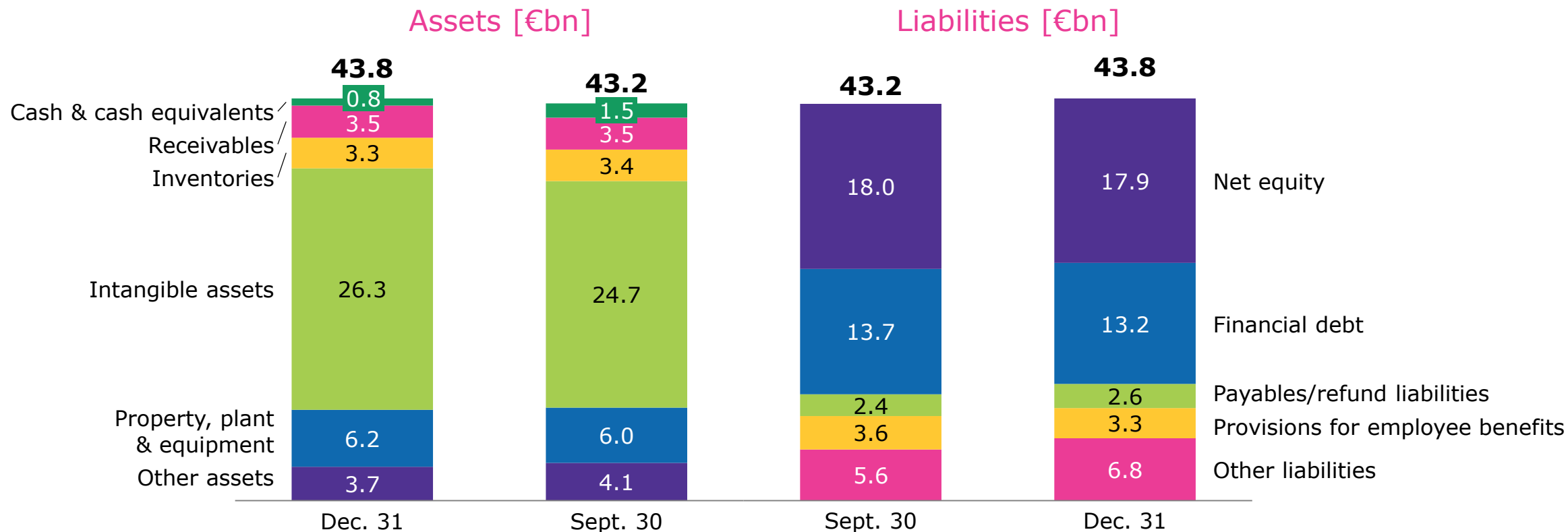
EBITDA pre bridge



- Surface Solutions: COVID-19 impact easing vs. Q2 as anticipated but still clearly weighing on cosmetics and automotive end markets
- M&S, Admin and R&D reflect consolidation of Versum and diligent underlying cost management as part of Bright Future transformation program
- Increase in EBITDA pre driven by accretive portfolio effect from Versum already including initial synergy realization



Balance sheet



- Stable balance sheet since Dec. 31, 2019
- Higher cash level in order to secure liquidity in the face of the COVID-19 pandemic

- Equity ratio of 42%
- Bond redemptions and repayments (€2.7 bn) outweighed by bond issuances (€2.5 bn), commercial paper issuance and utilization of other liquidity lines, leading to slight increase in financial debt



Cash flow statement: strong increase in operating cash flow

Q3 2020 – cash flow statement

[€m]	Q3 2019	Q3 2020	Δ
Profit after tax	342	806	465
D&A	464	451	-13
Changes in provisions	81	-256	-337
Changes in other assets/liabilities	129	114	-15
Other operating activities	9	24	15
Changes in working capital	-94	31	125
Operating cash flow	931	1,170	240
Investing cash flow	-209	-738	-529
thereof Capex on PPE	-194	-237	-43
Financing cash flow	934	-380	-1,314

Cash flow drivers

- Profit after tax elevated by €365 m release of Biogen provision
- Lower D&A largely driven by reduced amortization of intangibles (Rebif[®])
- Changes in provisions reflect Biogen provision release, restructuring accruals, and effects from LTIP* while changes in other assets/liabilities mainly driven by bonus accruals
- Inventory and payables management contribute to positive working capital impact
- Increased investing cash flow due to temporary investment of excess cash
- Financing cash flows returning to normal levels post Q3 2019 financing measures

*Long Term Incentive Plan

Totals may not add up due to rounding

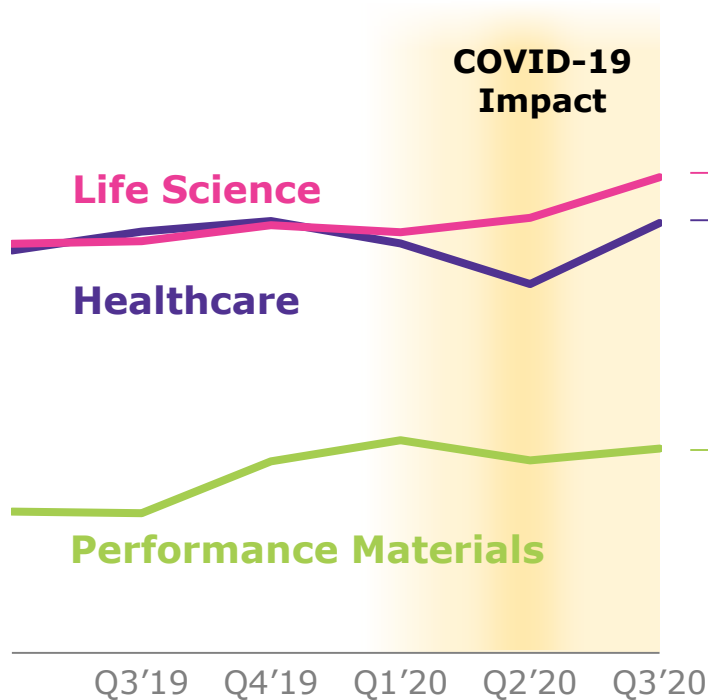


guidance

03

Successful crisis management increasingly mitigates pandemic impact

Quarterly Net Sales in €m*



Underlying developments

- **Life Science well positioned** for new COVID-19 driven demand trends
- **Process business** rapidly addressing new market needs, **fueling net upside**
- Research and Applied **driving recovery in Q3**
- **Fertility: well managed return** to pre COVID-19 levels - not yet all regions
- **Strong Mavenclo® recovery** being driven since June
- **Bavenclo® UC launch** progressing very well on a largely virtual launch
- **General Medicine** on track with good volume development
- Managing visible **recovery in Q3**, but not yet growing organically
- **Semiconductors Solutions' strength** within strong market
- Net downside from COVID-19 **in Display and Surface**

* At fixed 2019 FX rates

Guidance upgrade proof point of **excellent crisis management** and **strong business performance**



Group

Key earnings drivers to remember for 2020



EBITDA pre - supporting factors

- €365 m Biogen litigation provision release
- Increasing sales contribution from Mavenclad[®] and Bavencio[®]
- Stringent M&S and R&D cost management in HC (decrease YoY absolute and as % of sales)
- Good momentum in Semiconductor Solutions and cost savings from Bright Future program related initiatives
- High level of cost consciousness and prioritization
- Four quarters of Versum



EBITDA pre - reducing factors

- No more benefit from Pfizer deferred income (€191 m in 2019)
- Lower income from pipeline management
- COVID-19-related sales and earnings impact
- Ongoing decline in Liquid Crystals



Group

Full-year 2020 guidance

Net sales:

Organic: +4% to +5% YoY
Versum growth contribution in the mid-single digits %
FX: -2% to -3% YoY
~€17.1 – 17.5 bn

EBITDA pre:

Organic: +14% to +16% YoY (*ex Biogen¹: +6% to +8%*)
Mid-single digit % growth from Versum
FX: -3% to -5% YoY
~€5.05 – 5.25 bn (*thereof Biogen¹ €365 m*)

EPS pre:

~ €6.50 – 6.80
(*thereof Biogen¹ €0.63 m*)



Group

2020 business sector guidance¹

Healthcare



Net sales

- Organic: +2% to +3%
- COVID-19 impacting fertility performance
- Continued Mavenclad[®] recovery after June and solid uptake of Bavencio[®] UC 1L launch

EBITDA pre

- Organic: +25% to +27% YoY
(*ex Biogen²: +6% to +8%*)
- FX: -7% to -9% YoY
- ~€2,220 – 2,290 m
(*thereof Biogen² €365 m*)

Life Science



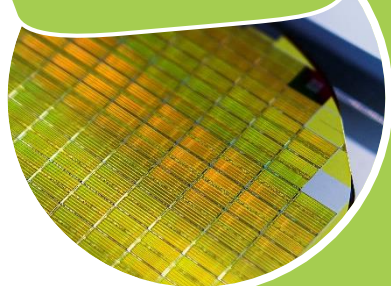
Net sales

- Organic: +9% to +10%
- Strong growth dynamic in Process Solutions

EBITDA pre

- Organic: +13% to +15% YoY
- FX: -3% to -4% YoY
- ~€2,300 – 2,370 m

Performance Materials



Net sales

- Organic: -4% to -5%
- Semiconductor Solutions growing strongly, while COVID-19 weighing on Display and Surface
- Mid-thirties % contribution from Versum

EBITDA pre

- Organic: -6% to -9% YoY
- FX: -1% to -3% YoY
- Mid-thirties % contribution from Versum
- ~€980 – 1,030 m

¹Business Sector guidances are only support to the Group guidance and do not have to add up



sustainability


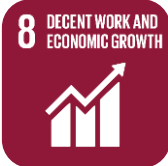



04

Enhanced sustainability strategy leverages our strengths and manifests the company's commitment

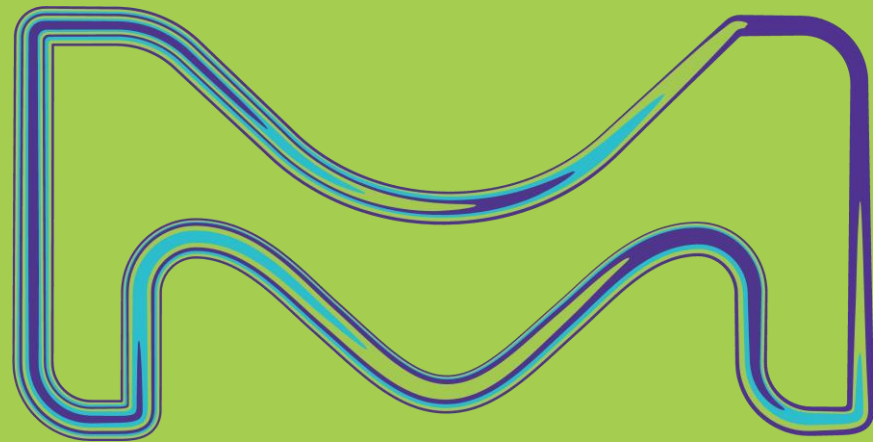


Potential to increase sustainable value for business and society

High-impact SDGs > where we can contribute > and benefit

High-impact SDGs		where we can contribute	and benefit
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Good Health and Well-being</p> <p>➤ We are able to contribute with dedicated products, know-how, partnerships and initiatives in pharma, science and technology.</p>	<p>Target</p> <p>1</p> <p>3</p>	<p>Business opportunities</p> <ul style="list-style-type: none"> Develop a new range of sustainable products & services, benefiting from our innovation power Open up additional customer groups and expand regional reach
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent Work and Economic Growth</p> <p>➤ Our ambition of future growth considers health and safety of employees also in the supply chain.</p>	<p>1</p> <p>2</p>	<p>Risk management</p> <ul style="list-style-type: none"> Reduce risks through higher awareness and longer-term view Secure supply chain resilience
 <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, Innovation and Infrastructure</p> <p>➤ Our innovation power will lead to more sustainable products and processes in various industries.</p>	<p>1</p> <p>2</p>	<p>Partnerships</p> <ul style="list-style-type: none"> Contribute as supplier of choice to customers' ESG strategy Improve ESG impact of our suppliers
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production</p> <p>➤ Being a responsible supplier, we will also challenge suppliers to support in reaching company targets.</p>	<p>2</p> <p>3</p>	<p>Operations</p> <ul style="list-style-type: none"> Increase attractiveness as employer
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Partnerships for the Goals</p> <p>➤ To unleash even more power, we foster collaborations with capable partners to sum up know-how for more sustainable impact.</p>	<p>1</p> <p>3</p>	<ul style="list-style-type: none"> Reduce costs of capital Benefit from grants and reliefs (politics, insurance, etc.) Incentivize through integrated compensation schemes





Appendix

Additional financial guidance 2020

Further financial details

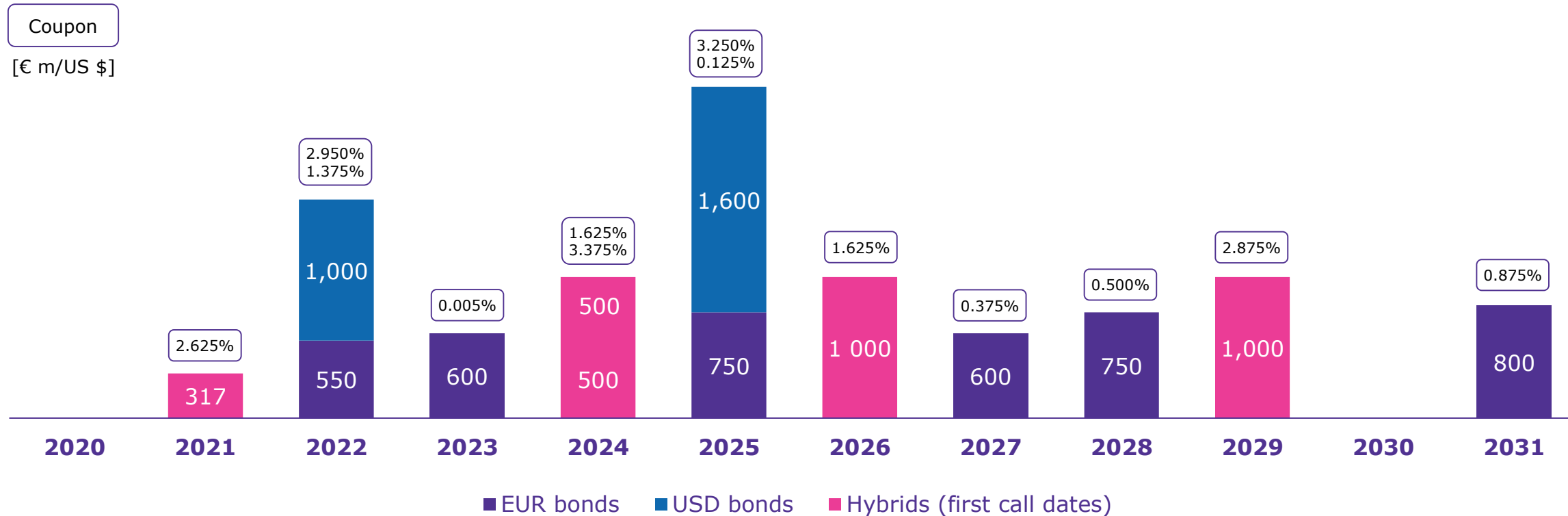
Corporate & Other EBITDA pre	~ -440 to -460 m
Interest result	~ -280 to -310 m
Effective tax rate	~24% to 26%
Capex on PPE	~1.2 bn to 1.3 bn
Hedging/USD assumption	FY 2020 hedge ratio ~70% at EUR/USD ~1.16
2020 Ø EUR/USD assumption	~1.13 to 1.15



Financial Update

Balanced maturity profile: lower refinancing risks & higher flexibility

Maturity profile as of September 30, 2020



Early refinancing of 2021 hybrid first call date successfully executed.



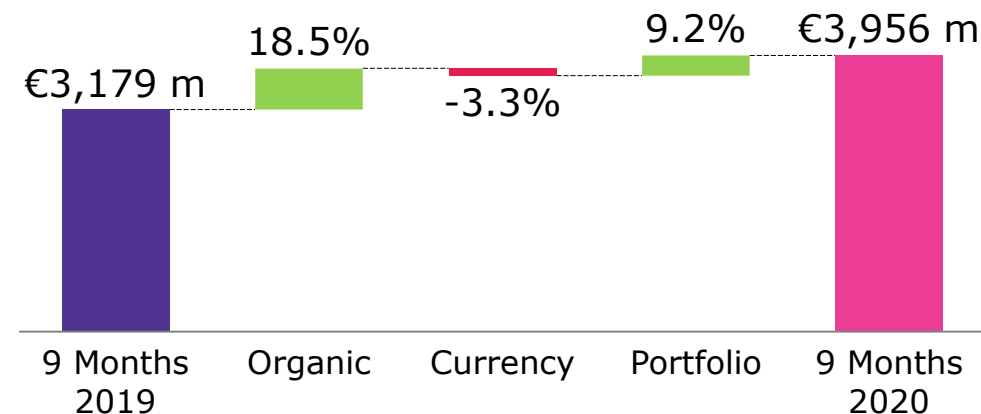
Very strong performance in Life Science and quick Q3 recovery in Healthcare drive 4% organic growth in the first 9 months of 2020

9M YoY Net Sales

	Organic	Currency	Portfolio	Total
Healthcare	3.2%	-2.7%	-0.7%	-0.2%
Life Science	9.2%	-1.3%	0.0%	7.9%
Performance Materials	-8.2%	0.5%	51.3%	43.6%
Group	4.1%	-1.6%	7.4%	9.9%

- Healthcare growing 3% organically YTD September on the basis of a very strong Q1 and a generally swift recovery in Q3
- Further accelerating Process Solutions growth overcompensates YTD net negative impact from COVID-19-related lockdowns in Applied and Research Solutions
- Semiconductor Solutions growing 9.6% organically YTD September; however, COVID-19 impact on Display and Surface Solutions results in overall organic decline

9M YoY EBITDA pre



- EBITDA pre growing faster than sales organically (5.6% excluding Biogen provision release)
- Margin accretive Versum portfolio effect contributing 9% EBITDA pre growth
- Increasing FX headwinds result in a YTD September drag of 3.3%



9M 2020: Overview

Key figures

[€m]	9M 2019	9M 2020	Δ	(Excl. Biogen provision release)	
				Q3 2020	Δ
Net sales	11,771	12,936	9.9%		
EBITDA pre	3,179	3,956	24.4%	3,591	13.0%
<i>Margin (in % of net sales)</i>	<i>27.0%</i>	30.6%	3.6pp	27.8%	0.8 pp
EPS pre	4.02	5.14	27.9%	4.51	12.1%
Operating cash flow	2,166	2,189	1.1%		
[€m]	Dec. 31, 2019	Sept. 30, 2020	Δ		
Net financial debt	12,363	12,082	-2.3%		
Working capital	3,944	4,364	10.6%		
Employees	57,071	58,077	1.8%		

Comments

- A strong Q1, Versum portfolio effect and accelerating growth in Process and Semiconductor Solutions drive sales above last year, despite strong COVID-19 impact in Q2
- EBITDA pre growing despite lower non-recurring income components and fixed cost under-absorption from COVID-19 impact
- EPS pre growing slower than EBITDA pre driven by a stable financial result
- Stable operating cash flow driven mainly by GSK upfront payment in 2019 and higher working capital in 2020



Reported figures

Reported results

[€m]	9M 2019	9M 2020	Δ
EBIT	1,605	2,374	47.9%
Financial result	-309	-302	-2.0%
Profit before tax	1,297	2,071	59.7%
Income tax	-337	-518	53.6%
<i>Effective tax rate (%)</i>	26.0%	25.0%	-1.0pp
Net income	1,002	1,551	54.8%
EPS (€)	2.31	3.57	54.5%

Comments

- EBIT increase driven by Versum portfolio effect and Life Science growth, partially offset by lower non-recurring income, higher depreciation & amortization from Versum PPA and impairments in Performance Materials
- Stable financial result: favorable refinancing compensates higher debt level post Versum
- Effective tax rate within guidance range of ~24-26%
- Higher net income and EPS reflect higher EBIT



Healthcare: Organic growth based on a strong Q1 and a swift recovery in Q3 while EBITDA pre further elevated by €365 m Biogen provision release

Healthcare P&L

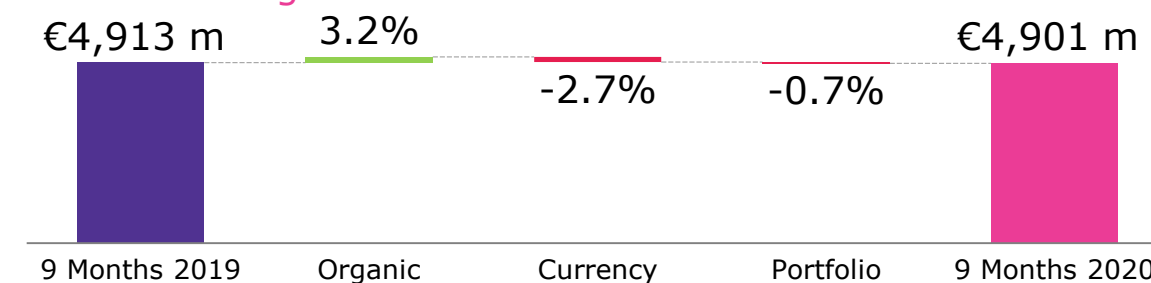
[€m]	IFRS		Pre	
	9M 2019	9M 2020	9M 2019	9M 2020
Net sales	4,913	4,901	4,913	4,901
M&S*	-1,710	-1,215	-1,708	-1,203
Admin	-254	-236	-248	-233
R&D	-1,204	-1,161	-1,203	-1,161
EBIT	798	1,499	804	1,491
EBITDA	1,355	1,752	-	-
EBITDA pre	1,361	1,742	1,361	1,742
(in % of net Sales)	27.7%	35.5%	27.7%	35.5%

Comments

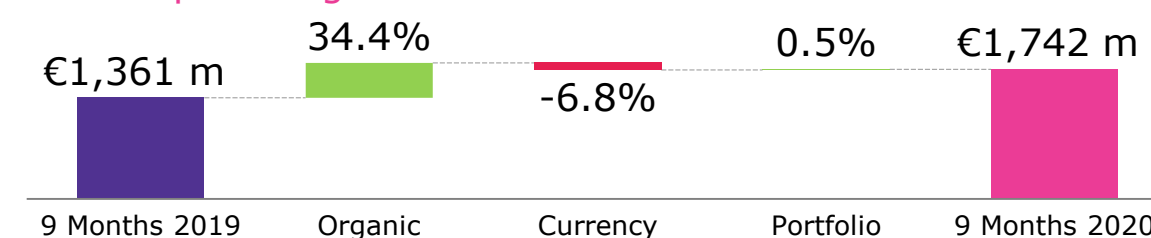
- Mavenclad® swiftly recovered from the dip in Q2, back to expanding dynamic shares in high efficacy and oral class; Rebif® above underlying trajectory with support from fewer switches amid pandemic
- Fertility back to pre COVID-19 levels as of Q3, but picture remains mixed across regions
- Erbitux® showing slight organic growth despite pandemic; Bavencio® starting to benefit from UC 1L launch in the U.S. and growing strongly versus last year (+53%) and QoQ (+41%)

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



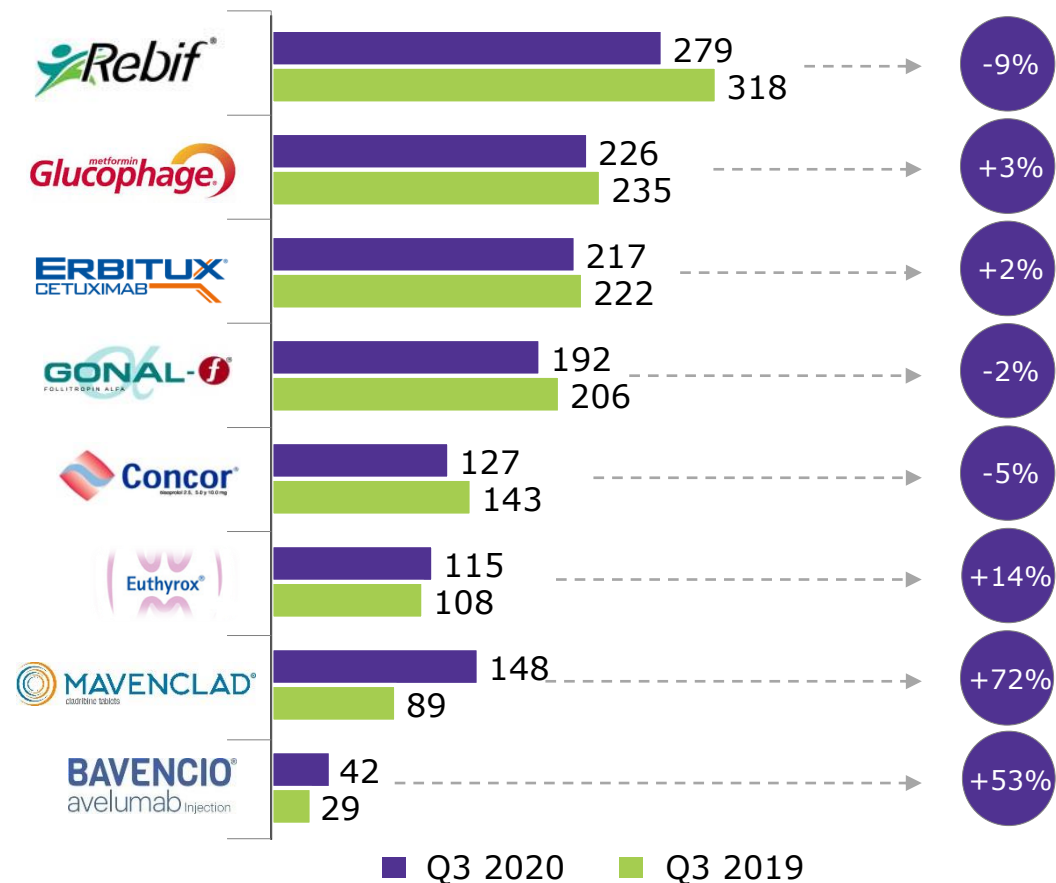
- M&S decrease due to rigorous cost management, further supported by reduced face-to-face activities during COVID-19 in parallel to appropriate expansion of digital activities; expired amortization of Rebif®
- Lower R&D reflects ongoing stringent cost control while maintaining focus on priority programs
- Underlying EBITDA pre margin of 28.1% further elevated by €365 m Biogen provision release to 35.5%

Totals may not add up due to rounding

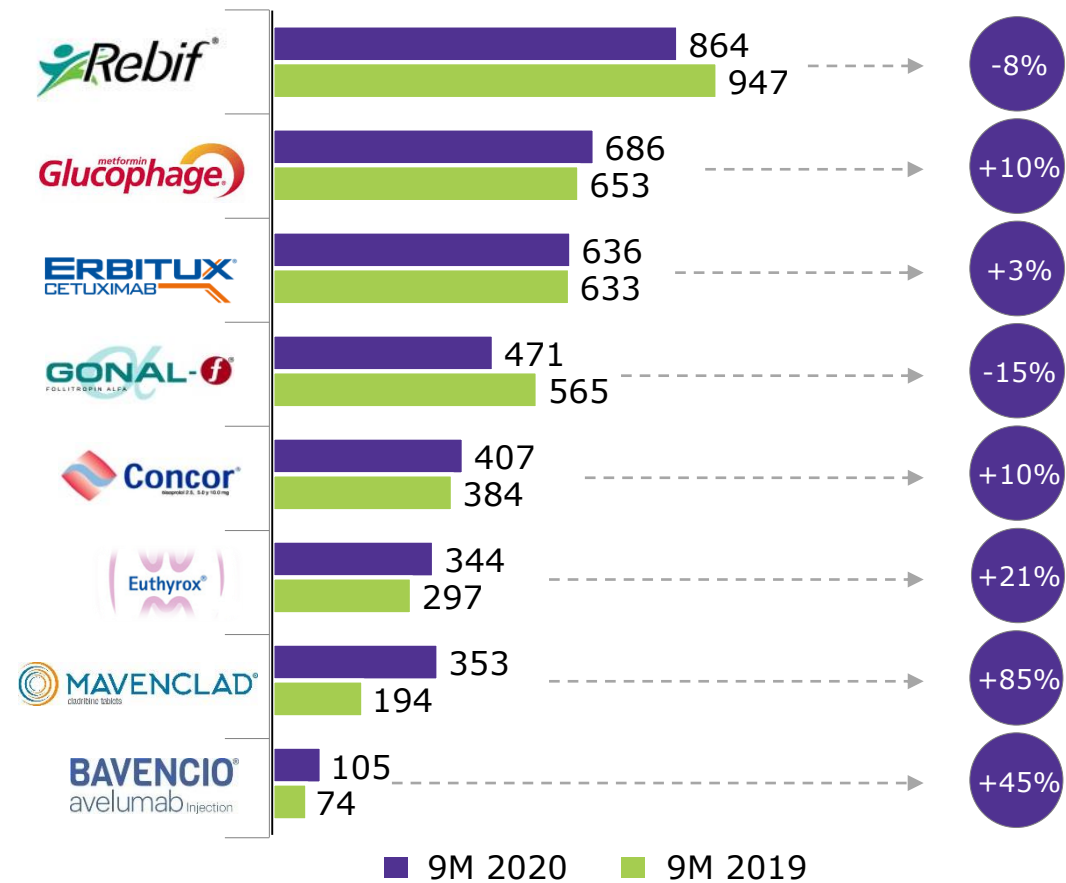


Healthcare organic growth by franchise/product

Q3 2020 organic sales growth [%]
by key product [€m]

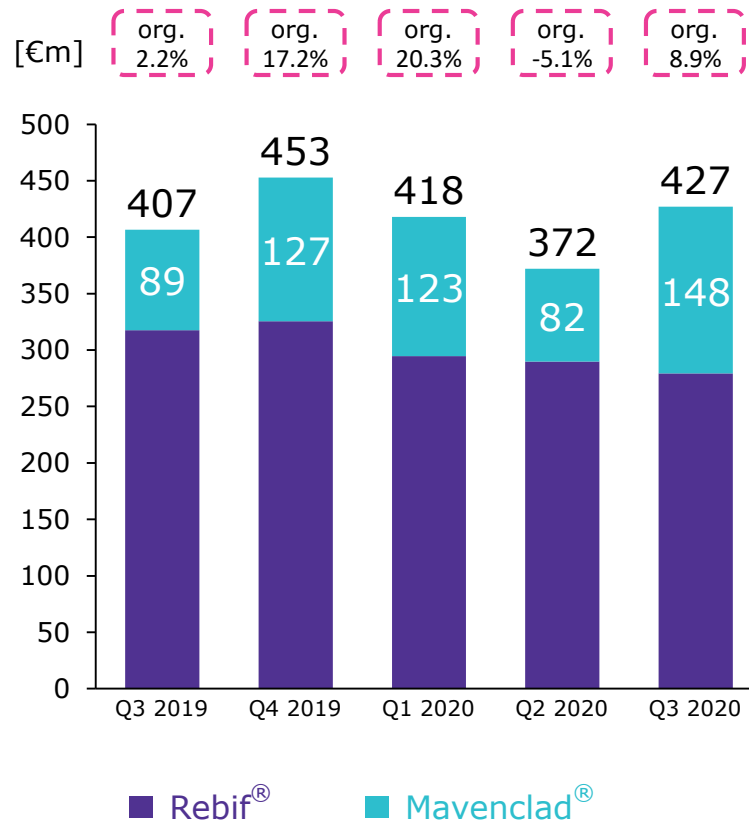


9M 2020 organic sales growth [%]
by key product [€m]



Neurology & Immunology: back to 9% organic growth in Q3 as Mavenclad[®] ramp-up clearly recovers starting June

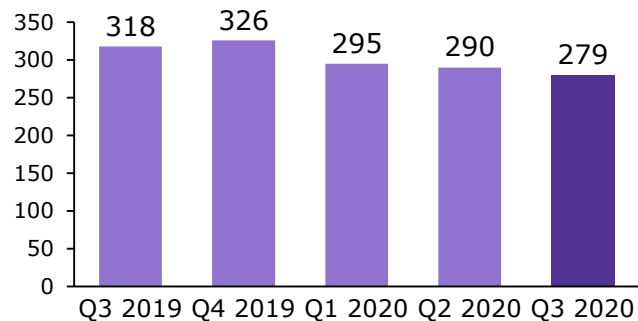
Sales development NDI, [€m]



Mavenclad[®] TRx¹, [IQVIA, NPA, Weekly View]



Rebif[®] net sales, [€m]



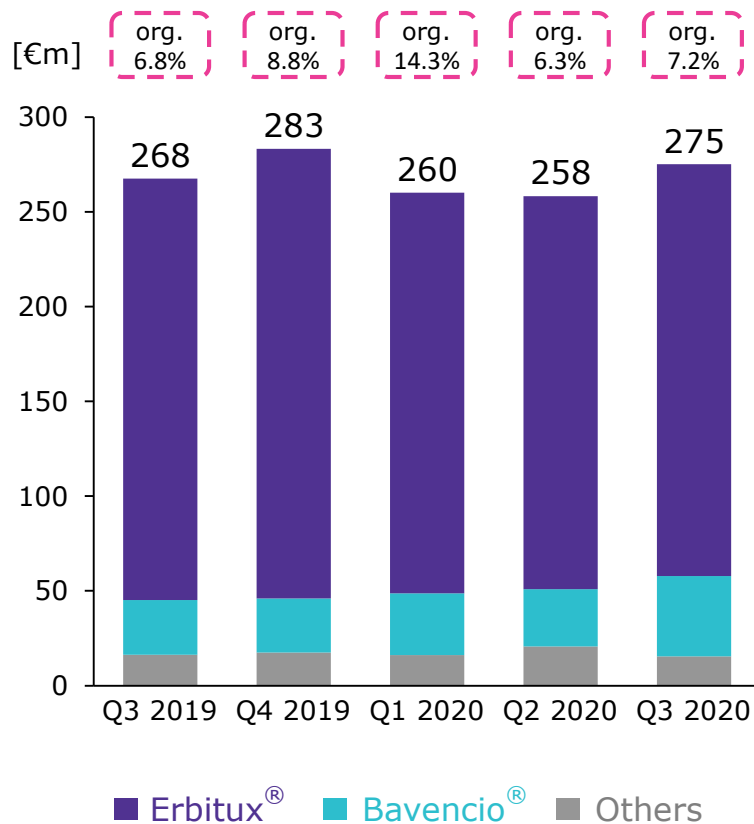
- **Highest quarterly sales since launch**
- **US: continued market share gains** in both dynamic high efficacy segment (+2%-points) and oral segment (+4%-points) throughout pandemic²
- Dynamic **volumes still depressed** post COVID-19

- Rebif[®] €279 m in Q3 remains above anticipated trajectory with -9% decline supported by lower switches amid pandemic
- FX headwinds of -3.5% largely from the U.S.

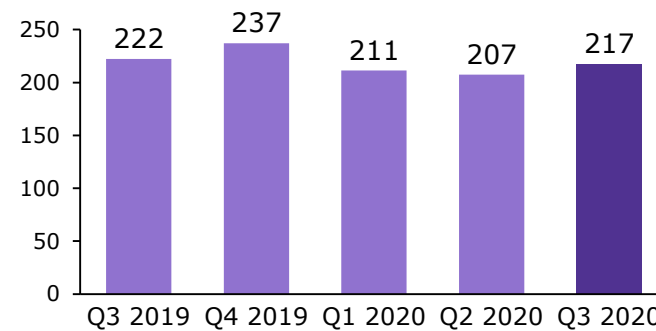


Oncology: Bavencio® showing strong YoY and sequential growth; Erbitux® also resilient, growing vs. Q2 and YoY during COVID-19 pandemic

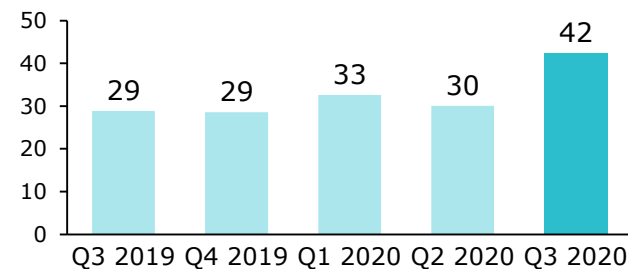
Sales development Oncology, [€m]



Erbitux® net sales, [€m]



Bavencio® net sales, [€m]



- Absolute sales of €217 m reflect resilient growth of 2% in Q3
- YTD growth at 3.4% driven by solid performance in China and emerging markets
- Overall limited negative impact from COVID-19

- Bavencio® up 41% sequentially vs. Q2
- UC 1L progressing very well in first three months of U.S. launch; strong foundation for 2021



Launch Update: Mavenclad® recovering and gaining share; Bavencio 1L UC USA launch driving strong inflection

Mavenclad® Regaining momentum globally

- New data at 2020 ACTRIMS-ECTRIMS highlight **rapid onset of action and reassuring post-approval safety on malignancy, viral infections, and COVID19 outcomes**
- **Q3 2020** highest selling quarter since launch
- **US:**
 - **New Rx regaining momentum**, with reactivation of base and adding new Rxer's
 - **Continued share point growth** in both dynamic HE segment and Oral segment throughout the pandemic
 - Increasing willingness to Rx
- **Ex-US:**
 - **New initiations rebounding** after April low point across all major Ex-US markets
 - **Strong performance for year 2 return** patients



Bavencio® UC 1L 3 months into launch, a clear inflection

- Strong early launch performance, and reception in community validates **significance of OS advantage**
- Encouraging data points discussed in September R&D update continue to trend positively:
 - **Continued increase in penetration** in indicated segment, R3M penetration ~50%
 - Sustained **increase in accounts ordering Bavencio®**
 - Continued **leading share of voice (>50%)** amongst all IOs indicated across bladder cancer despite the pandemic
 - **Clear message recall** on OS message
 - **Steep unit growth** vs pre-approval period
- **On track to change SOC** within indicated segment

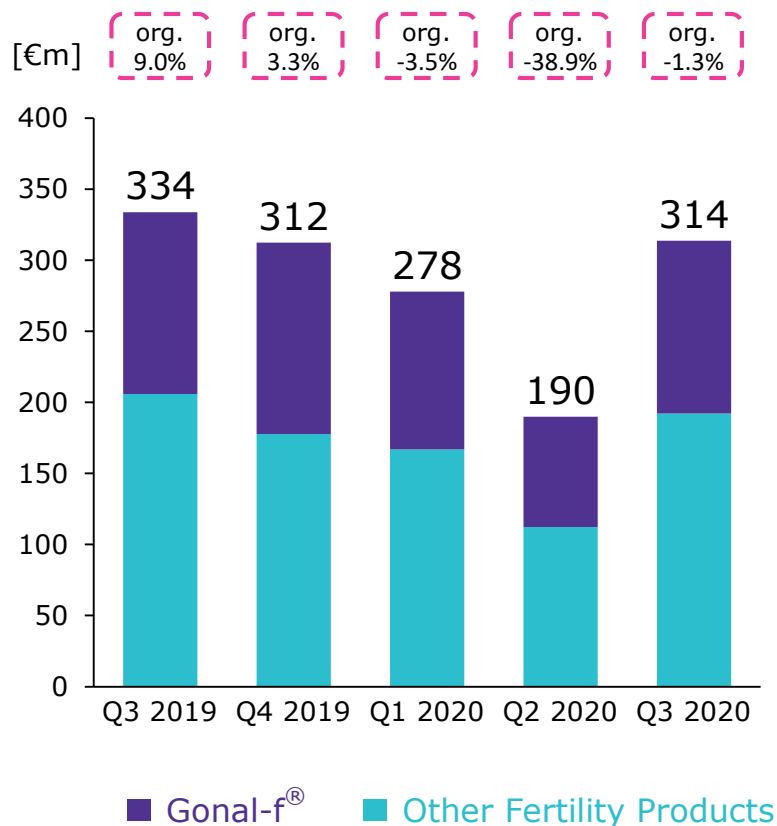


Acronyms: HE = High efficacy; IO = Immuno-oncology; OS = Overall survival; RWE = Real-World Evidence; Rx = Prescription; R3M = Rolling 3 months; SOC = Standard of care; UC = Urothelial cancer

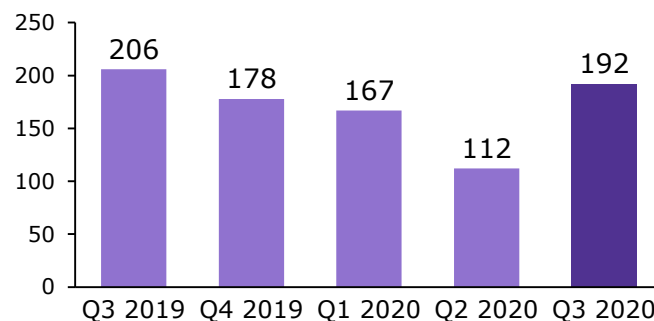


Fertility: visible recovery to pre COVID-19 levels across Fertility portfolio, however still differentiated picture across geographies during pandemic

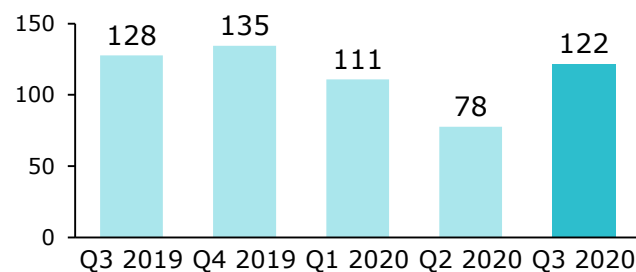
Sales development Fertility, [€m]



Gonal-f[®] net sales, [€m]



Other Fertility net sales, [€m]



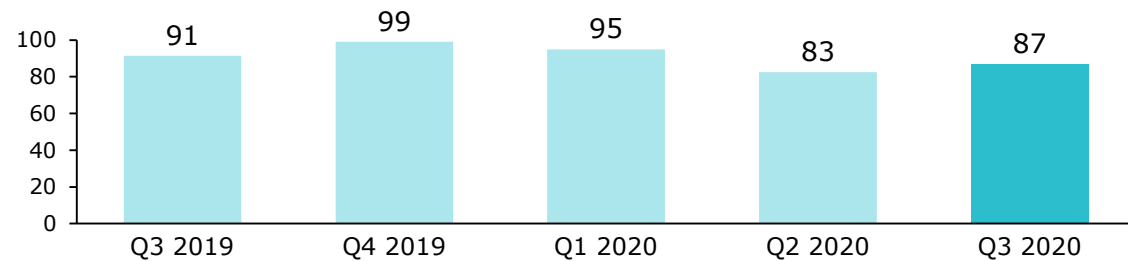
- In Q3 2020 Fertility portfolio broadly in line with particularly strong Q3 2019 sales
- YTD still 15% below 2019 as lost Q2 sales are not recovered based on differentiated picture across regions
- While North America is already growing YTD September, other regions are still catching up



General Medicine growing organically, Endocrinology up vs. Q2 2020 and flat vs. Q3 2019

Sales evolution

[€m] Endocrinology

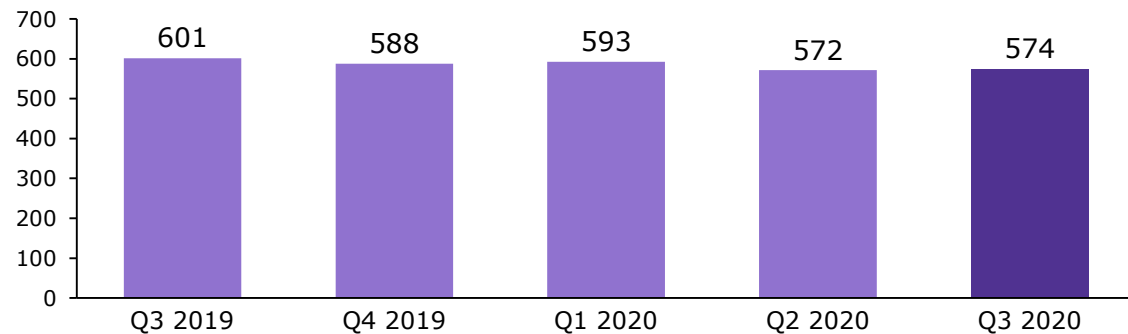


➔ Organic
-0.2% org.

Q3 2020 organic drivers

- Endocrinology impacted in the U.S. and to minor extent in Europe amid COVID-19 pandemic; stable to growing in other regions

[€m] General Medicine*



➔ Organic
+1.5% org.

- Concor® saw anticipated impact from VBP¹ in China
- Rest of portfolio more that offsets this leading to 1.5% organic growth in Q3

¹ Volume Based Procurement

*includes CardioMetabolic Care & General Medicine and Others



Phase I

berzosertib (M6620)
ATR inhibitor
Solid tumors¹

peposertib (M3814)
DNA-PK inhibitor
Solid tumors²

M1774
ATR inhibitor
Solid tumors

M3258
LMP7 inhibitor
Multiple myeloma

M4344
ATR inhibitor
Solid tumors

M8891
MetAP2 inhibitor
Solid tumors

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Solid tumors

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Cervical cancer 1L

M6223
TIGIT inhibitor
Solid tumors³

M5049
TLR7/8 antagonist
Immunology

M6495
anti-ADAMTS-5
nanobody
Osteoarthritis⁴

M5717
PeEF2 inhibitor
Malaria

- Oncology
- Immuno-Oncology
- Immunology
- Neurology
- Global Health

■ Program under out-licensing agreement

Phase II

peposertib (M3814)
DNA-PK inhibitor
Rectal cancer

tepotinib
MET kinase inhibitor
Non-small cell lung cancer,
METex14 skipping

tepotinib
MET kinase inhibitor
Non-small cell lung cancer,
MET amplified⁵

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Non-small cell lung cancer 1L/2L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Locally advanced non-small cell
lung cancer

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Biliary tract cancer 1L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Biliary tract cancer 2L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Cervical cancer 2L

avelumab
anti-PD-L1 mAb
Solid tumors⁶

avelumab
anti-PD-L1 mAb
Non-small cell lung cancer⁶

avelumab
anti-PD-L1 mAb
Urothelial cancer⁶

atacept
anti-BlyS/APRIL fusion
protein
Systemic lupus erythematosus

atacept
anti-BlyS/APRIL fusion
protein
IgA nephropathy

sonelokinab (M1095)
anti-IL-17 A/F nanobody
Psoriasis

sprifermin
fibroblast growth factor
18
Osteoarthritis

M5049
TLR7/8 antagonist
Covid-19 pneumonia

Phase III

avelumab
anti-PD-L1 mAb
Non-small cell lung cancer 1L

bintrafusp alfa
TGFbeta trap/anti-PD-L1
Non-small cell lung cancer 1L

evobrutinib
BTK inhibitor
Multiple sclerosis

Registration

tepotinib
MET kinase inhibitor
Non-small cell lung cancer,
METex14 skipping⁸

avelumab
anti-PD-L1 mAb
Urothelial cancer 1L-M⁹

1L, first-line treatment; 1L-M, first-line maintenance treatment; 2L, second-line treatment;

¹ Includes studies (phase I/II) in collaboration with NCI. ² Includes studies in combination with avelumab. ³ Includes study in combination with bintrafusp alfa. ⁴ As announced on October 06 2020, Merck KGaA, Darmstadt, Germany has entered into an out-licensing agreement with Novartis. ⁵ In combination with osimertinib in MET amplified, advanced or metastatic NSCLC harboring activating EGFR mutations. ⁶ Avelumab combination studies with talazoparib, axitinib, ALK inhibitors, cetuximab, or chemotherapy. ⁷ Pending Phase III initiation in 2021. ⁸ As announced on August 25 2020, the US Food and Drug Administration (FDA) has accepted and granted Priority Review to the new drug application (NDA) in non-small cell lung cancer (NSCLC). ⁹ As announced on June 22 2020, the European Medicines Agency (EMA) has validated for review the Type II variation application for avelumab for first-line maintenance treatment of patients with locally advanced or metastatic urothelial carcinoma (UC).

Unless noted otherwise, clinical programs conducted in collaboration with external partners are not shown unless Merck KGaA, Darmstadt, Germany is the sponsor of that respective trial.



INTR@PID LUNG 037¹: Having passed futility during a planned interim analysis, the Phase III study continues and will read out on clinically relevant endpoints PFS/OS



Interim Analysis passed²

- The IDMC reviewed **preliminary safety and efficacy data** from both treatment arms; **data remains blinded to GSK and Merck KGaA, Darmstadt, Germany**
- Per IDMC, the **trial passed futility (ORR/safety analysis)** against an active comparator (pembrolizumab)
- Criteria underlying the IDMC's decisions will not be made public

Study continues as planned

- **Analyses from the study will only be shared upon study completion, once the full dataset for the dual primary endpoints (PFS/OS) has been obtained**
- Depending on data, an appropriate path forward will be determined together with the health authorities and GSK
- Development milestones may be payable in future³

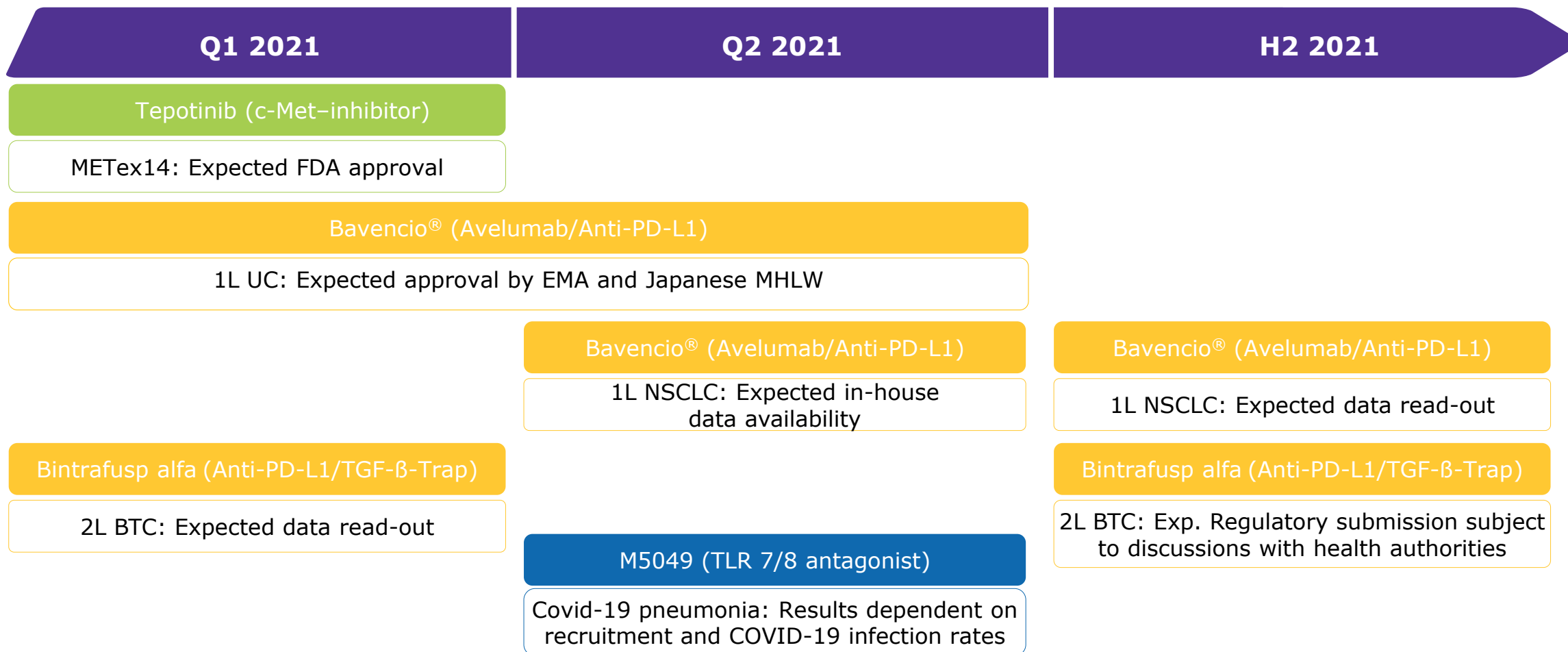
	Initial Trial Design (Study start: October 2018)	Evolved / Adaptive Trial Design (March 2020)	Adaptive Trial Design (as of October 2020)
Estimated Enrollment	300 participants	Potential for expansion to 584	Update – Recruitment closed at approx. 300 („Active, not recruiting“)
Primary Endpoints	ORR/PFS (dual endpoints)	PFS/OS (dual endpoints, updated based on guidance from health authorities)	→ Unchanged since March 2020
Phase	Phase II	Adaptive Phase III	→ Unchanged since March 2020
Registrational Intent	✓	✓	→ Unchanged since October 2018
Est. Primary Completion Date	October 2021 (event-driven)	April 2023 (event-driven)	→ Unchanged since March 2020

1: NCT03631706, „M7824 Versus Pembrolizumab as a First-line (1L) Treatment in Participants With Programmed Death-ligand 1 (PD-L1) Expressing Advanced Non-small Cell Lung Cancer (NSCLC)“, 2: Results of this interim analysis will not be made public nor will data be published until trial completion, 3: As stated at the time of deal signature, the agreement foresees there is the potential for up to € 500m development-related milestone payments tied to data from the lung program and there are multiple milestone opportunities;
Acronyms: IA = Interim analysis, IDMC = Independent data monitoring committee, OS = Overall Survival, PFS = Progression-Free Survival



Healthcare catalysts – Significant developmental progress across Oncology and Immuno-Oncology portfolio expected in 2021

■ Oncology
■ Immuno-Oncology ■ Immunology



Acronyms: BTC = Biliary Tract Cancer, EMA = European Medicines Agency, FDA = U.S. Food and Drug Administration, MHLW = Ministry of Health, Labour and Welfare, NSCLC = Non-Small Cell Lung Cancer, TLR = Toll-like receptor, UC = Urothelial Cancer



Life Science: Strong YTD performance with Process Solutions double-digit growth; Research & Applied recovering from COVID-19 impacts

Life Science P&L

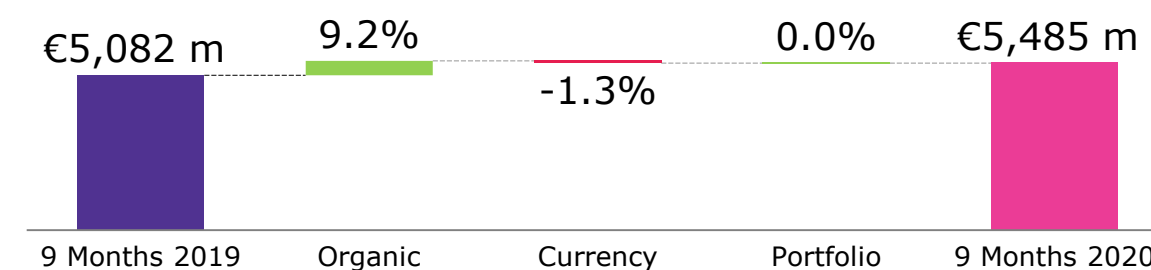
[€m]	IFRS		Pre adjustments	
	9M 2019	9M 2020	9M 2019	9M 2020
Net sales	5,082	5,485	5,082	5,485
M&S*	-1,434	-1,464	-1,432	-1,462
Admin	-239	-278	-228	-248
R&D	-199	-226	-198	-226
EBIT	951	1,148	995	1,162
EBITDA	1,536	1,737	-	-
EBITDA pre (in % of net Sales)	1,580 31.1%	1,752 31.9%	1,580 31.1%	1,752 31.9%

Comments

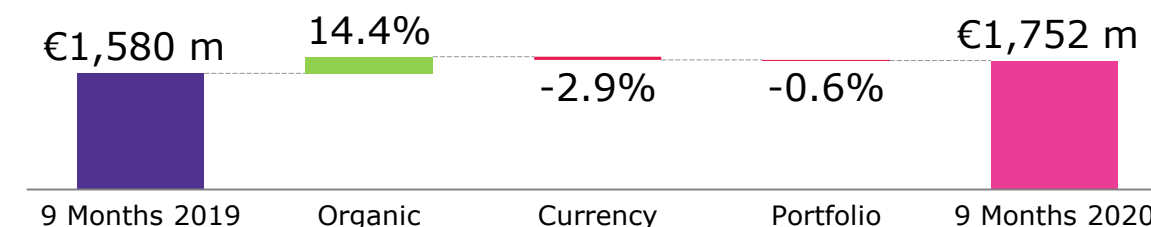
- Double-digit organic growth of Process Solutions mainly driven by downstream and single use, elevated by additional COVID-19 demand
- Research Solutions about stable due to recovery, partial catch-up and partial pull-in in Q3 after significant impact from lab closures in H1
- Applied Solutions back to moderate growth in Q3 but unable to recover lost H1 sales from COVID-19 impact
- Cost-consciousness and lower travel expenses partially offset increased

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



- freight cost in M&S
- Admin increase driven largely by COVID-19 related cost for additional safety precautions, however below sales growth
- Investments in strategic projects in R&D
- Outstanding operational leverage in Q3 temporarily boosts EBITDA pre margin close to 32%



Performance Materials: Versum portfolio effect and continued organic Semiconductor growth far outweigh declining Display and Surface

Performance Materials P&L

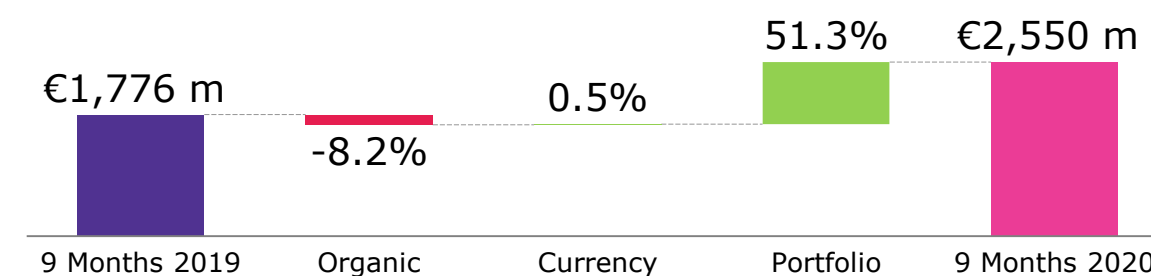
[€m]	IFRS		Pre adjustments	
	9M 2019	9M 2020	9M 2019	9M 2020
Net sales	1,776	2,550	1,776	2,550
M&S*	-193	-402	-187	-398
Admin	-78	-121	-69	-110
R&D	-194	-205	-172	-206
EBIT	293	162	374	355
EBITDA	488	697	-	-
EBITDA pre	560	778	560	778
(in % of net Sales)	31.6%	30.5%	31.6%	30.5%

Comments

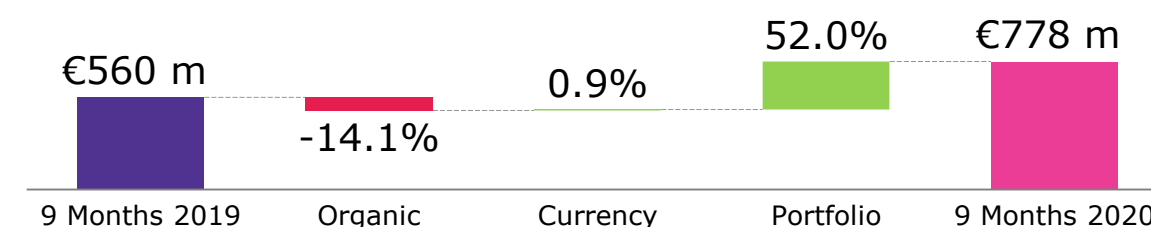
- Sales growth of 44% mainly due to portfolio effect from Versum overcompensates organic decline in Display and Surface
- Semiconductor Solutions: persistent strong organic growth
- Display Solutions: COVID-19 impact eased somewhat in Q3 but still weighs on LC's negative underlying trajectory particularly against still elevated comps in 9M 2019; OLED also impacted YTD
- Surface Solutions: heavy COVID-19 impact on automotive and cosmetic

* Marketing and selling expenses

Net sales bridge



EBITDA pre bridge



- end markets resulting in business decline
- M&S and Admin reflect consolidation of Versum acquisition and diligent underlying cost management as part of the Bright Future transformation
- R&D 9M 2020 include Versum consolidation and show underlying Bright Future cost management
- EBITDA pre growth driven by additional gross profit from Versum



Cash flow statement

9M 2020 – cash flow statement

[€m]	9M 2019	9M 2020	Δ
Profit after tax	1,002	1,553	551
D&A	1,391	1,442	51
Changes in provisions	134	-294	-428
Changes in other assets/liabilities	14	-75	-89
Other operating activities	-46	0	46
Changes in working capital	-330	-437	-107
Operating cash flow	2,166	2,189	23
Investing cash flow	-1,408	-1,242	167
thereof Capex on PPE	-561	-769	-208
Financing cash flow	2,175	-141	-2,315

Cash flow drivers

- Higher EBIT
- Higher depreciation & amortization from Versum PPA and impairments in PM
- Changes in provisions reflect reduced litigation provisions and fluctuations in LTIP*
- 2019 changes in other assets and liabilities elevated by GSK upfront, and milestone payments
- Increased working capital from growing receivables and higher inventories to secure supply in the face of COVID-19
- Financing cash flows returning to normal levels post Q3 2019 financing measures



Adjustments in Q3 2020

Adjustments in EBIT

[€m]	Q3 2019		Q3 2020	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	-3	0	4	0
Life Science	20	0	18	0
Performance Materials	16	8	28	1
Corporate & Other	13	0	31	0
Total	47	8	82	1



Adjustments in 9M 2020

Adjustments in EBIT

[€m]	9M 2019		9M 2020	
	Adjustments	thereof D&A	Adjustments	thereof D&A
Healthcare	5	0	-8	2
Life Science	44	0	15	0
Performance Materials	81	8	194	112
Corporate & Other	58	0	56	0
Total	188	8	256	114





Financial calendar

Date	Event
March 4, 2021	FY 2020 Earnings release
April 23, 2021	Annual General Meeting
May 12, 2021	Q1 2021 Earnings release
August 5, 2021	Q2 2021 Earnings release
November 11, 2021	Q3 2021 Earnings release



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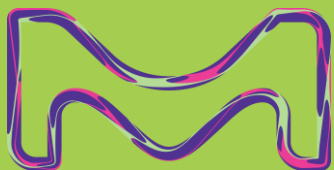


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